

Senate File 20 - Introduced

SENATE FILE 20
BY KIBBIE

A BILL FOR

1 An Act relating to health insurance rate increase applications,
2 including notice requirements, and public comment and
3 hearing requirements.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 505.19, subsections 1 through 4, Code
2 2011, are amended by striking the subsections and inserting in
3 lieu thereof the following:

4 1. All health insurance carriers licensed to do business
5 in the state shall immediately notify policyholders and the
6 public of any application for a rate increase that is filed
7 with the insurance division. Such notice shall include all of
8 the following:

9 a. The specific rate increase proposed that is applicable to
10 each policyholder.

11 b. A detailed justification, in plain language and
12 including a summary, for the rate increase proposed that
13 includes a ranking and quantification of those factors that
14 are responsible for the amount of the rate increase proposed,
15 including data on which medical costs are responsible for
16 any part of the rate increase proposed and the amount of any
17 increase in those medical costs.

18 c. Information on how the policyholder or a member of the
19 public can contact the consumer advocate for assistance or to
20 make a comment on the proposed rate increase.

21 2. The commissioner, by rule, shall adopt a uniform format
22 and uniform documentation requirements for all applications for
23 rate increases filed by health insurance carriers licensed to
24 do business in the state.

25 3. The consumer advocate shall solicit public comments
26 on each proposed rate increase application, and shall post
27 without delay all comments received on the insurance division's
28 internet site prior to approval or disapproval of the proposed
29 rate increase by the commissioner.

30 4. Prior to approval or disapproval of a proposed rate
31 increase, the commissioner shall hold a public hearing at
32 the time a carrier files an application for a proposed rate
33 increase that exceeds either of the following:

34 a. The average annual health spending growth rate stated
35 in the most recent national health expenditure projection

1 published by the centers for Medicare and Medicaid services of
2 the United States department of health and human services.

3 *b.* Ten percent of the average premium or payment for a given
4 classification of coverage in the individual insurance market.

5 Sec. 2. Section 505.19, Code 2011, is amended by adding the
6 following new subsections:

7 NEW SUBSECTION. 4A. The consumer advocate shall present
8 the public testimony, if any, and public comments received by
9 the consumer advocate, for consideration by the commissioner
10 in determining whether to approve or disapprove an application
11 for a rate increase.

12 NEW SUBSECTION. 4B. In determining whether to approve or
13 disapprove an application for a rate increase, the commissioner
14 shall take into consideration the profits, existing surplus,
15 and rate increase history of the health insurance carrier
16 applying for the rate increase, and the impact of approving the
17 rate increase on policyholders.

18 NEW SUBSECTION. 4C. A health insurance carrier shall
19 provide notice to policyholders and the public of an approved
20 rate increase at least sixty days prior to the date the rate
21 increase goes into effect.

22 EXPLANATION

23 This bill relates to health insurance rate increase
24 applications, including notice requirements, and public comment
25 and hearing requirements.

26 Code section 505.19 is amended to require that health
27 insurance carriers licensed to do business in the state must
28 provide notification of all applications for rate increases
29 filed with the commissioner of insurance to policyholders
30 and to the public. Currently, such notification is required
31 only if the amount of the proposed rate increase exceeds the
32 average annual health spending growth rate stated in the most
33 recent national health expenditure projection published by the
34 centers for Medicare and Medicaid services of the United States
35 department of health and human services.

1 The required notice must include specified information
2 including a detailed justification for the rate increase
3 in plain language and how to contact the consumer advocate
4 for assistance or to comment on the proposed increase. The
5 commissioner is required to adopt a uniform format and uniform
6 documentation requirements for all applications for rate
7 increases.

8 The consumer advocate is required to solicit public comments
9 on each proposed rate increase application and post them on the
10 insurance division's internet site. In addition, the consumer
11 advocate is required to present public testimony, if any, and
12 public comments received, for consideration by the commissioner
13 in determining whether to approve or disapprove an application
14 for a rate increase.

15 If the amount of the proposed rate increase exceeds either
16 the average annual health spending growth rate or 10 percent of
17 the average premium or payment for a given classification of
18 coverage in the individual insurance market, the commissioner
19 is required to hold a public hearing on the rate increase
20 application prior to its approval or disapproval. Currently,
21 the commissioner is required to hold a public hearing only if
22 the proposed rate increase exceeds the average annual health
23 spending growth rate.

24 The commissioner is also required to take into consideration
25 the profits, existing surplus, and rate increase history of
26 each health insurance carrier applying for a rate increase,
27 and the impact of the rate increase on policyholders before
28 approving or disapproving an application for the rate increase.
29 A health insurance carrier must provide notice to policyholders
30 and the public of an approved rate increase at least 60 days
31 prior to the date the rate increase goes into effect.